

# IB.Bratislava Express Service

## New VAT rules valid as of 1.1.2010

29.10.2009

The National Council of Slovak Republic approved the amendment introducing new rules regarding value added tax application as of 1.1.2010.

### Place of supply of services

- According to the **new general rule** the place of supply of services to a taxable person will be a place where this person has his seat, place of business or permanent establishment, to which these services are supplied to. Or a place where of recipient's usual stay.
- This brings a principle change comparing to the **current rule**, when the place of supply of the service is a place where the supplier has his seat, permanent establishment from which the services were supplied or a place where the supplier has his usual place of stay.
- **Non – entrepreneurs.** When the service is supplied to persons, that do not perform economic activities, the place of supply of the service remains the place where the supplier has his seat.
- **Exceptions.** Place of supply of a services relating to a **real estate** property is a place where the property is situated.
- When rendering a **short term leasing of vehicles** the place of supply of such service will be the place where the vehicle is physically used.
- In case of supplying **restaurant** services the place of supply of the services is a place where the services are physically rendered.

### Person obliged to pay tax

- The reverse-charge mechanism is being **applied** to more services. The person obliged to pay tax is a taxable person or

non-taxable person identified for VAT purposes, that receives services taxable in Slovakia based on the general rule.

### Entry into force

- If the service was supplied by a foreign party by 31.12.2009 and the recipient is obliged to pay the tax but the tax liability did not arise before the end of year 2009, the tax liability arises in line with the wording of the VAT Act valid before the end of the year 2009.
- If during repeated or partial supply of service lasting over 12 months, tax liability does not arise by the end of the year 2009 from the whole taxable base, the tax liability will arise in line with the new wording of VAT Act valid as of 1.1.2010. And it will arise on the last day of each calendar year until the supply of the service is finished.



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### I/C Sales list

- I/C Sales list will have to be filed **monthly**, within 15 days after the end of period for which the aggregate statement is being filed.
- The obligation to file I/C sales list quarterly will apply to persons identified for VAT purposes.
- In the I/C Sales list will also be included **supply of services** that is liable to tax in the member state of the recipient.
- As of 1.1.2010 the I/C sales list will be **filed electronically** either signed by verified electronic signature or without it if agreed with the respective tax authority.

### VAT refund to foreign persons

- The foreign person applies for VAT refund **in the member state, of the seat of the applicant.**

- Filing of the request will be carried out electronically via an electronic portal and the applicant is obliged to state all the required information about the applicant as well as about the documents that are subject to VAT refund. Coding of transactions is being introduced.
- **Deadline for filing the application** will be prolonged till 30<sup>th</sup> of September of the calendar year following the period for which the VAT refund is applied for.
- **Should the value of the tax base exceed EUR 1 000,- or EUR 250,- in case of fuel**, the applicant is obliged to attach copy of the proving document to the application.
- The minimal amount of refund that may be applied for is increasing to **EUR 50,-** for a calendar year or EUR 400,- for a calendar quarter.
- **Processing of an application for VAT refund.** The tax authorities will be obliged to decide about the application within 4 months from the day of receipt of the application.
- After the decision is made the tax authorities will be obliged to remit the tax within 10 workdays.
- Should the tax authorities fail to remit the tax within the deadline, the applicant is entitled to late fee in amount of 3 times the basic interest rate of ECB.

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# VAT Amendment in force as of 1.7.2009

Important information for small businesses and sole traders.

## **Threshold for obligatory registration for VAT**

- Expected threshold of turnover for obligatory VAT registration is being increased to **EUR 49 790, - EUR.**
- Tax payers, who crossed over the turnover of EUR 35 000,- by end of June 2009 and became tax payers may request deregistration, provided they did not reach the turnover of EUR 49 790,- during last 12 month preceding a month in which they are requesting the deregistration.
- In this case the rule of possibility of deregistration only after 12 month of being a VAT payer is not applicable.

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